



Tuju Setia Berhad

(Registration No. 202001005607 (1361927-V))
(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2023

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The Directors are pleased to announce the unaudited financial results of the Group for the Fourth Quarter ended 31 March 2023.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾ For the Fourth Quarter Ended 31 March 2023

	Interim Quarter		Period-To-Date	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Note	RM'000	RM'000	RM'000	RM'000
Revenue	149,246	85,208	149,246	85,208
Cost of sales	(145,889)	(82,900)	(145,889)	(82,900)
Gross profit	3,357	2,308	3,357	2,308
Other income	445	328	445	328
Administrative and other operating expenses	(2,433)	(2,037)	(2,433)	(2,037)
Net loss on impairment of contract assets	-	-	-	-
Finance costs	(84)	(75)	(84)	(75)
Profit before tax	1,285	524	1,285	524
Tax expense	B5 (363)	(103)	(363)	(103)
Profit after tax	922	421	922	421
Profit and total comprehensive income for the period	922	421	922	421
<i>Attributable to:</i>				
Equity holders of the Company	<u>922</u>	<u>421</u>	<u>922</u>	<u>421</u>
Earnings per share				
Basic/Diluted (sen) ⁽²⁾	B11 <u>0.29</u>	<u>0.13</u>	<u>0.29</u>	<u>0.13</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted EPS is calculated based on the Profit after tax ("PAT") divided by the issued share capital of 316,828,700 ordinary shares. There are no dilutive instruments as at the end of the current quarter.

Condensed Consolidated Statement of Financial Position⁽¹⁾
As At 31 March 2023

	Note	Unaudited 31.03.2023 RM'000	Audited 31.12.2022 RM'000
Assets			
Property, plant and equipment		28,163	27,343
Right-of-use assets		41,361	42,750
Deferred tax assets		4,256	4,619
Total non-current assets		<u>73,780</u>	<u>74,712</u>
Trade and other receivables		142,284	105,706
Assets held for sale		3,173	3,173
Contract assets		141,745	128,252
Current tax assets		5,990	5,990
Cash and cash equivalents		48,768	63,359
Total current assets		<u>341,960</u>	<u>306,480</u>
Total assets		<u>415,740</u>	<u>381,192</u>
Equity			
Share capital		91,660	91,660
Merger reserve		(36,393)	(36,393)
Retained earnings		17,156	16,234
Total equity		<u>72,423</u>	<u>71,501</u>
Liabilities			
Loans and borrowings	B8	14,558	16,989
Lease liabilities		16,299	15,284
Total non-current liabilities		<u>30,857</u>	<u>32,273</u>
Trade and other payables		230,787	225,653
Loans and borrowings	B8	72,360	43,803
Lease liabilities		9,025	7,625
Contract liabilities		288	337
Total current liabilities		<u>312,460</u>	<u>277,418</u>
Total liabilities		<u>343,317</u>	<u>309,691</u>
Total equity and liabilities		<u>415,740</u>	<u>381,192</u>
Number of issued shares ('000)		316,829	316,829
Net asset per share attributable to owners of the Company (RM)		<u>0.23</u>	<u>0.23</u>

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

**Condensed Consolidated Statement of Changes In Equity⁽¹⁾
For the Fourth Quarter Ended 31 March 2023**

	<i>Non-distributable</i>			<i>Distributable</i>	
	Share capital	Invested equity	Merger reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2021/ 1 January 2022 (Audited)	91,660	-	(36,393)	51,353	106,620
Loss and total comprehensive income for the period	-	-	-	(33,535)	(33,535)
Distribution to the owners					
- FY 2021 Final Dividend to owners of the Company	-	-	-	(1,584)	(1,584)
At 31 December 2022 (Audited)	91,660	-	(36,393)	16,234	71,501
Profit and total comprehensive income for the period	-	-	-	922	922
At 31 March 2023 (Unaudited)	91,660	-	(36,393)	17,156	71,423

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Condensed Consolidated Statement of Cash Flows⁽¹⁾ For the Fourth Quarter Ended 31 March 2023

	Period-To-Date	
	Unaudited 31.03.2023 RM'000	Audited 31.12.2022 RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	1,285	(44,895)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	748	2,874
Depreciation of right-of-use assets	1,583	5,125
Finance costs	84	498
Finance income	(387)	(631)
Interest expense on lease liabilities recognised in cost of sales	-	625
(Gain) on disposal of property, plant and equipment	-	(3)
(Gain) on disposal of right-of-use assets	-	(65)
Property, plant and equipment written-off	-	384
Impairment loss on assets held for sale	-	318
(Gain)/Loss on lease modification	25	(2)
Net loss on impairment of contract assets	-	13,498
Operating (loss)/profit before changes in working capital	3,338	(22,274)
Change in trade, other receivables and assets held for sale	(36,578)	(17,642)
Change in trade and other payables	5,134	74,615
Change in contract assets	(13,493)	(42,471)
Change in contract liabilities	(50)	200
Cash used in operations	(41,649)	(7,572)
Tax paid	-	(755)
Net cash used in operating activities	(41,649)	(8,327)
Cash flows from investing activities		
Acquisition of property, plant and equipment and Right-of-use assets	(1,568)	(12,939)
Interest received from fixed deposits	-	631
Proceeds from disposal of property, plant and equipment	-	17
Proceeds from disposal of right-of-use assets	387	105
Net cash used in investing activities	(1,181)	(12,186)

Condensed Consolidated Statement of Cash Flows⁽¹⁾ (cont'd)
For the Fourth Quarter Ended 31 March 2023

	Period-To-Date	
	Unaudited 31.03.2023 RM'000	Audited 31.12.2022 RM'000
Cash flows from financing activities		
Change in pledged deposits	(1,829)	(11,712)
Dividend paid	-	(3,168)
Proceeds from Invoice Financing/Trust Receipts	25,377	30,404
Interest paid on loans and borrowings	(84)	(498)
Interest expense on lease liabilities recognised in cost of sales	-	(625)
(Repayment of)/Proceeds from lease liabilities	2,197	(2,450)
(Repayment) of term loans	(1,622)	(6,621)
Net cash from financing activities	24,039	5,330
Net (decrease) in cash and cash equivalents		
	(18,791)	(15,183)
Cash and cash equivalents at beginning of period	29,105	44,288
Cash and cash equivalents at end of period	10,314	29,105
Cash and cash equivalents comprised:		
Fixed deposits with licensed banks	39,379	37,534
Cash and bank balances	9,389	25,825
	48,768	63,359
Less: Bank overdraft	(2,371)	-
Pledged deposits	(36,083)	(34,254)
	10,314	29,105

Notes:

(1) The basis of preparation of the Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A. Notes to the Interim Financial Report

A1. Basis of Preparation

The interim financial report of Tuju Setia Berhad (“Tuju Setia” or “Company”) and its subsidiary (“Tuju Setia Group” or “Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting, and Paragraph 9.22 as well as Appendix 9B of the Main Market Listing Requirements of Bursa Securities.

This interim financial report should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the in the Group’s audited financial statements for financial year ended 31 December 2022 except for the adoption of following Amendments to MFRSs:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The application of these Amendments to MFRSs have no significant financial impact on the financial statements of the Group.

A3. Auditors’ Report

The audited financial statements of the Group for the financial year ended 31 December 2022 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the current quarter under review have not been materially affected by any seasonal or cyclical factors.

A5. Items or Incidence of an Unusual Nature

There were no unusual items or incidence which may or has substantially affect the value of assets, liabilities, equity, net income or cash flows of the Group for the current quarter under review.

A. Notes to the Interim Financial Report (cont'd)

A6. Changes in Estimates

There were no material changes in estimates that may have a material effect in the current quarter under review.

A7. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial quarter under review.

A8. Dividends

There were no dividends paid for the current quarter under review and the financial period to date.

A9. Segmental Reporting

The Group is solely engaged in the provision of construction services, the only business segment. All the Group's operations are carried out in Malaysia.

A10. Significant Events Subsequent to the End of the Interim Financial Period

There were no material events subsequent to the end of the current quarter and financial period under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

A12. Fair Value of Financial Instruments

There were no gains or losses arising from fair value changes for all financial assets and liabilities for the current quarter under review.

A. Notes to the Interim Financial Report (cont'd)

A13. Performance bond guarantees

Save as disclosed below, there is no indirect and/or material performance bond guarantee incurred by the Group, which may have a substantial impact on the financial position of the Group as at the end of the current quarter and up to the date of this report:

	Unaudited 31.03.2023 RM'000
Performance bond guarantees by a subsidiary for construction projects	<u>114,884</u>

A14. Capital Commitments

Save as disclosed below, there were no other material capital commitments as at the end of the current quarter:

	Unaudited 31.03.2023 RM'000	Audited 31.12.2022 RM'000
Authorised and contracted for:		
Land	-	-
Plant and Machinery	-	-
	<u>-</u>	<u>-</u>
Authorised but not contracted for:		
Land	2,270	2,270
Plant and Machinery	7,509	7,509
	<u>7,509</u>	<u>7,509</u>

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Group Performance Review

For quarter ended 31 March 2023

For the current financial quarter, the Group recorded an increase in revenue of RM64.04 million or 75.16% to RM149.25 million as compared to RM85.21 million for the same quarter last year. The higher revenue recorded in current financial quarter is mainly due to the increase of construction activities for the on-going projects and the commencement of new projects.

In line with the higher revenue, the Group recorded profit before tax of RM1.28 million and profit after tax of RM0.92 million for the current quarter compared to profit before tax of RM0.52 million and profit after tax of RM0.42 million for the same quarter last year.

B2. Comparison with Immediate Preceding Quarter Results

For the current financial quarter, the Group recorded a higher revenue of RM149.25 million as compared to revenue of RM136.45 million for the immediate preceding quarter, which was an increase of RM12.80 million or 9.38%. The increase was mainly due to the increase of construction activities for the on-going projects and new projects.

The Group recorded a profit before tax of RM1.28 million and profit after tax of RM0.92 million for the current quarter compared to loss before tax of RM4.61 million and loss after tax of RM3.73 million for the immediate preceding quarter. The loss recorded in the preceding quarter was mainly due to the revision of project cost arising from the exceptional escalated building materials, labour costs and higher operating costs incurred as well as impairment loss on contract assets of RM4.44 million arising from the accrual of foreseeable loss for certain projects.

B3. Prospects of the Group

The Board of Directors anticipate that the financial year ending 31 December 2023 continue to be a challenging year. The Group has implemented various measures to mitigate the impact of the escalated building material cost, labour cost as well as to ensure the stability of its business operations and financial position. The Group has balance unbilled order book of RM1.30 billion as at 31 March 2023 with reputable clients, which would contribute positively until the financial years ending 31 December 2026.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B4. Profit Forecast

The Group did not issue any profit forecast or guarantee during the current quarter under review and the financial period to date.

B5. Tax Income/(Expense)

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2023 ⁽¹⁾ RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2023 ⁽¹⁾ RM'000	Unaudited 31.03.2022 RM'000
<u>Current tax expense</u>				
Current period provision	79	1,264	79	1,264
<u>Deferred tax (income)/expense</u>				
Current period provision	284	(1,161)	284	(1,161)
Net Tax Expense	<u>363</u>	<u>103</u>	<u>363</u>	<u>103</u>
Effective tax rate (%)	28.25	19.56	28.25	19.56
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Notes:

(1) Tax expense is recognised based on management's best estimate.

B6. Status of Corporate Proposals

There are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B7. Utilisation of Proceeds Raised from Public Issue

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus. The total gross proceeds of RM56.00 million from the Public Issue is intended to be used in the following manner:

Purposes	Initial Allocation	Deviation ⁽¹⁾	Variation ⁽²⁾	Actual Utilisation	Balance Unutilised	Estimated time frame for use (From the Listing date)
	RM'000	RM'000	RM'000	RM'000	RM'000	
Capital expenditure						
- Purchase of construction machinery and equipment, and BIM system software	24,000	-	(4,000)	(16,974)	3,026	Within 24 months
- Purchase of land and construction of storage facilities	8,000	-	-	(2,705)	5,295	Within 36 months
Working capital	19,000	295	4,000	(23,295)	-	Within 12 months
Estimated IPO expenses	5,000	(295)	-	(4,705)	-	Within 3 months
Total	56,000	-	-	(47,679)	8,321	

Notes:

(1) The actual listing expenses are lower than the estimated amount hence, the excess of RM0.30 million was used for working capital purposes.

(2) The initial allocation of RM4.00 million to purchase on-site batching plants has been re-allocated for working capital.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B8. Borrowings

The details of the borrowings of the Group are as follows:

	Unaudited 31.03.2023 RM'000	Audited 31.12.2022 RM'000
Non-current		
Term loans	14,558	16,989
Current		
Term loans	6,509	5,700
Invoice Financing/Trust Receipts	63,480	38,103
Bank overdraft	2,371	-
	<u>72,360</u>	<u>43,803</u>
Total borrowings	<u>86,918</u>	<u>60,792</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigations

There are no litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B10. Dividends Payable

No dividend has been declared or recommend for payment by the Board of Directors of the Company during the current quarter and financial year-to-date.

B11. Earnings Per Share

The basic and diluted earnings per share for the current quarter and financial period are computed as follows:

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Profit attributable to owners of the Company	<u>922</u>	<u>421</u>	<u>922</u>	<u>421</u>
Number of shares in issue ('000) ⁽¹⁾	<u>316,829</u>	<u>316,829</u>	<u>316,829</u>	<u>316,829</u>
Earnings per share				
Basic/Diluted (sen) ⁽¹⁾	<u>0.29</u>	<u>0.13</u>	<u>0.29</u>	<u>0.13</u>

Notes:

(1) Basic and diluted EPS is calculated based on the PAT divided by the issued share capital of 316,828,700 ordinary shares. There are no dilutive instruments as at the end of the current quarter.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B12. Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

Profit before tax is arrived at after charging / (crediting):

	Interim Quarter		Period-To-Date	
	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000	Unaudited 31.03.2023 RM'000	Unaudited 31.03.2022 RM'000
Interest income	(387)	(308)	(387)	(308)
Interest expense	84	75	84	75
Depreciation of property, plant and equipment	748	568	748	568
Depreciation of right-of-use assets	1,583	930	1,583	930
Gain on lease modification	25	-	25	-
Property, plant and equipment written-off	-	185	-	185

Save as disclosed above, the other disclosure items as required under Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the audited financial statements for financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

B. Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (cont'd)

B13. Derivative Financial Instruments

The Group has not entered into any derivatives as at the date of this interim financial report.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution of the Directors on 29 May 2023.

By Order of the Board
Company Secretary
29 May 2023